



CALPEEK

CALIFORNIA POLITICAL WEEK

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CALPEEK ON VACATION MEMORIAL DAY WEEK

Calpeek will be on a working vacation the week of May 26th – Memorial Day week. So no newsletter June 2nd. The next issue of *Calpeek* will be dated June 9th...

CAMPAIGN 2004: OSE DROPS U.S. SENATE EFFORT.

Editor's note: Big shock as GOP U.S. Rep. Doug Ose of Sacramento decided to fold his 5 month exploratory campaign for U.S. Senate. Here's our analysis & commentary...

...Stunned and shocked is the only way to describe the impact of Congressman Doug Ose's decision not to run for the U.S. Senate next year. And Ose also said he would not seek reelection to his safe 3rd CD seat. That was a shock too, but Ose kept to his 3-term limit pledge which he made in 1998 when he first was elected...

...Ose had been campaigning tirelessly, ever since he formed an exploratory campaign last December. Expectations were high that he would announce very shortly – especially since Ose's chief GOP rival, U.S. Rep. Darrell Issa of Vista, announced recently he would not run – but instead would focus on recalling Gov. Gray Davis(D). Both Issa and Ose have deep pockets – but Ose is considered a moderate GOPer and doesn't carry some of Issa's negatives...

...Thus the buzz surrounding an Ose Senate run began to increase in recent weeks. In fact, on May 15th – the day before Ose publicly pulled the plug – Ben Pershing of *Roll Call* wrote a story about Ose, saying in the lead paragraph that "Republican strategists on both coasts said they believe the lawmaker from Sacramento will make the race." Pershing left himself some wiggle room by saying that Ose would make a decision by the end of May...

...The official reason why Ose decided to pull the plug on his U.S. Senate campaign was "family." As one *Calpeek* noted, "When politicians say they want to spend more time with their family, that's probably true." The 6,000 mile round trip to DC and back isn't easy. Ose said his decision wasn't based on lack of "support or financial commitments." However, others aren't so sure...

...While it's true Ose has deep pockets, how much of his own money was he willing to part with? Boxer will probably spend \$15-20 million, thus for a relatively unknown, 3-term congressman, sources say it would cost Ose \$6-7 million just to get his name ID equal to Boxer's...

...As for the polling data, Ose's numbers weren't bad, but Boxer probably has an irreducible base of 45-47% - which means she's only 3-5 points away from a majority. "She's to Calif. what Jesse Helms(R) was to North Carolina. In Helm's case, Demos repeatedly tried to knock him off, but were unsuccessful. Same thing with Boxer and the GOP here in Calif. They may hate her, but they can't defeat her," a *Calpeek* source said...

...FYI: So who is left? U.S. Rep. George Radanovich of Fresno; a Ms. Toni Casey (former mayor of Los Altos Hills) and a former Bush Admin. official at the U.S. Small Business Admin.; U.S. Treas. Rosario Marin (former Huntington Park councilwoman); and perhaps businessman Bill Simon Jr. Stay tuned...

ISSA FORMS COMMITTEE TO RUN FOR GOVERNOR, BUT RECALL IS STILL ISSA'S TOP PRIORITY FOR '03.

Editor's note: U.S. Rep. Darrell Issa(R-Vista) has filed paperwork to run for governor in 2006. He's doing this at the same time he's putting together a recall drive against Demo Gov. Gray Davis(D). Here's our brief update & analysis...

...Issa filed the papers on May 15th and issued a brief statement blasting Davis. No shock there, but some say they were a little surprised Issa would announce his candidacy for governor so soon. The Issa for Governor committee is based in Vista, CA (760)727-3330 and consultant Scott Taylor is in charge...

...Some *Calpeek* sources think Issa's early announcement was aimed at Bill Simon Jr., the 2002 GOP candidate for governor. Simon has made some noises about running again – perhaps in the recall or perhaps against U.S. Sen. Barbara Boxer(D) in 2004. For the recall to be success-

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ful, the GOP needs to have but one candidate – no more. If Davis were recalled, an Issa vs. Simon match VS one consensus Demo, such as U.S. Sen. Dianne Feinstein, will result in Gov. DiFi, not Gov. Issa or Gov. Simon...

...As for the recall itself, insiders are still waiting for the Rescue Calif. and Recall Gray Davis committees to turn in the 100,000 signatures they claim thus far. Nothing as of deadline time in two of Calif.'s bigger counties: Orange and L.A. "Where are they?" asks Demo consultant Garry South, who ran Davis' reelection campaign in 2002. South also questions whether 1.2 million signatures will be enough to qualify this recall. He thinks recall sponsors will need 1.3 or 1.4 million to be totally safe. Actual number of valid signatures necessary to qualify is 897,158...

...And then South questioned whether a July 20th recall signature turn-in date was realistic. "They've just put down another marker they can't make," South told Calpeek. Recall sponsors would prefer a recall election in the fall, as opposed to March of 2004 – when it is expected there will be a very heavy Demo turnout because of the presidential primary. A July 20th turn-in would make a fall recall more likely. But a fall recall election also has problems: Ward Connerly's highly controversial racial privacy initiation would be on the same ballot – and don't forget there's a mayor's race in S.F. in November, along with numerous local elections throughout Calif. So turnout might be bigger than recall backers suspect...

...And there are still lingering questions about the funding. Professional petition circulators don't come cheap. Issa has contributed \$100,000 of his own considerable wealth to the Rescue Calif. recall and the Lincoln Club of Orange Co. just donated \$100,000. In last week's issue, Calpeek noted that perhaps Issa might tap into the Calif. GOP congressional delegation for assistance. Sources say Issa did in fact make a pitch, but so far no takers. Thus some sources think Issa will have to give more of his own to qualify the recall...

...FYI: before July 4th the pro vs. con recall efforts are going to get downright nasty. "This recall will turn into a referendum on Darrell Issa and he'll regret it," says the CDP's chief spin MD Bob Mulholland. And sources tell Calpeek that both the L.A. Times and S.F. Chron are working on new Issa stories – "This is your life Mr. Issa." Will these stories be nasty or nice? Stay tuned...

COMMUNICATING WITH CALPEEK WITH E-MAIL.
For those inclined to use it, we do have an E-mail address: calpeek@aol.com. We check our E-Mail 4-5 times a week...

**CAMPAIGN 2003: MARTIN LUDLOW & GREIG SMITH
DECLARE VICTORY IN L.A. CITY RUNOFF ELECTION.**

Editor's note: No upsets in the May 20th L.A. City runoff election in the 10th and 12th council districts, as former legislative staffer/labor PD Martin Ludlow (10th) and longtime council deputy Greig Smith (12th) won seats on the L.A. City Council. Here's our analysis & commentary...

◆ **10th District** – In the primary, termed out Councilman Nate Holden's chief deputy Deron Williams finished first with 39% and some sources thought he had a good shot at taking over for Holden. But the disclosure of his cocaine bust 15 years ago really set the campaign back and Williams never seemed to recover. There were 21,862 votes cast and Ludlow won with 55.81% vs. 44.19% for Williams. Ludlow's victory also was a critical win for L.A. Co. Federation of Labor chief Miguel Contreras. Contreras' leadership was really riding on this one contest. The knock on Contreras' leadership has been he doesn't deliver for non-Latino candidates that the Fed endorses. Ludlow's win may silence some of Contreras' critics. We'll see...

...Other members of the Ludlow campaign team included lead consultant John Shallman; GOTV guru Susan Burnside; and polling by Fairbank Maslin Maullin. Sacto consultant Richie Ross handled a huge \$337,000 labor campaign for Ludlow which included Latino outreach as well as mail aimed at union members in the 10th district. How will Ludlow do on the council? One insider told Calpeek that Ludlow has both the personality and the political smarts to be a real leader and perhaps a star. "He reminds me of a young Tom Bradley," this insider said...

◆ **12th District** – Termed out Councilman Hal Bernson was able to successfully hand his seat to his longtime COS Greig Smith, as Smith trounced LAUSD Board member Julie Korenstein by a 61.43% vs. 38.57% margin. Calpeek had just about predicted a Smith win – saying it was his race to win or lose. Smith's victory was definitely a nice win for consultant Mitchell Englander. Smith was all smiles on election night; Korenstein was bitter. She's quoted in the L.A. Times as saying, "It was a sleazy, dirty campaign." But there is an old saying in politics: *one person's smear is another person's fact sheet*. There were hits from both campaigns. Korenstein had 4 key problems in this contest: 1) she didn't fit the district's profile; 2) the L.A. Co. Federation of Labor may have endorsed her, but it really didn't do much to help; 3) Smith was much better funded; and 4) Korenstein had to defend her 16 years on the school board. This last point may have been the real killer because the LAUSD is very unpopular in the SF Valley. Stay tuned...

**CAMPAIGN 2003: HACIENDA HEIGHTS CITYHOOD
VOTE JUNE 3RD IN L.A. CO.'S SAN GABRIEL VALLEY.**

Editor's note: **Hacienda Heights** is one of L.A. Co.'s most racially diverse areas and on June 3rd the proposed city's 26,000 voters will cast ballots on cityhood – Measure HH. Additionally, there are 17 candidates (some very well funded) who are running for 5 spots on the new city council. Here's our report & analysis...

...The proposed city is 10.2 square miles and is located in L.A. Co.'s San Gabriel Valley, next door to Whittier and the City of Industry. Population is 54,000 and if voters OK Measure HH, Hacienda Heights would be L.A. Co.'s 89th city. Politically, most of Hacienda Heights is in Sup. Don Knabe's district. The HH area is represented in the State Senate by GOPer Bob Margett and in the Assembly by Demo Ron Calderon. About 20% of all voters consider themselves to be independents – GOPers & Demos are about evenly divided...

...Cityhood is **not** necessarily a *slam dunk*. There is opposition. In 1992 cityhood was on the ballot and lost – narrowly. The key argument in favor of forming a new city is simple: cityhood advocates say that L.A. Co. is cutting back on services and that only 59 cents of every tax dollar stays in Hacienda Heights. In other words, HH is a "donor city" to L.A. Co. Mike Spence is the lead consultant on the YES on HH cityhood campaign...

...Of the 17 candidates running, five are Chinese Americans – and almost all of them have substantial backing. It's estimated that about 33% of all HH residents are Asian-Americans – mostly Chinese American. The five Chinese American candidates include L.A. City planner Tom Chang (endorsed by the Sierra Club, COPS, Calderon and Assemblywoman Judy Chu + San Gabriel Councilman Chi Mui); attorney David Fang; Norman Hsu (Hacienda La Puente school board member who is endorsed by ALADS); attorney Shan Lee; Scarlet Trea (works with U.S. Rep. Gary Miller + husband is an L.A. Co. judge). Trea is spending lots of \$\$\$...

...Two other leading contenders are Ken Manning, a long time school board member and Upper San Gabriel Valley Muni Water District Board member; and Charles House, a retired deputy sheriff who has run previously. In fact, House won a seat in 1992 – but cityhood failed. House & Manning are both backed by ALADS and Manning is also endorsed by the Sierra Club. Manning is listed 1st on the ballot. Sources think House and Manning have an excellent shot at winning council seats...

...Cityhood leaders Barbara Fish and Hacienda La Puente school board member Felicia Minardi are also considered strong contenders, as is civil engineer Jeffrey Yann, who also sports a Sierra Club endorsement and has \$\$\$\$. The two who aren't given much of a chance are Rudy Almeida and deputy probation officer Henry B. Pedregon – and they both are opposed to cityhood. Stay tuned...

CAMPAIGN 2004: HOUSE AND LEGISLATIVE RACES.

Editor's note: Here is **Part XII** in our continuing series of updates about key Legislative and U.S. House primaries for 2004...

☒ **3rd CD** – With U.S. Rep. Doug Ose's announcement that he would not run for the U.S. Senate or reelection to his very safe Sacto-area 3rd CD seat, there could be a bloody GOP primary between State Sen. Rico Oller of San Andreas and former GOP Congressman and CA Atty. General Dan Lungren. Sacto BEE columnist Dan Walters quotes Lungren sources as saying, "He really misses it." Regardless, the blood bath will be between Oller loyalists U.S. Reps. John Doolittle, Richard Pombo and Wally Herger VS. U.S. Rep. Bill Thomas of Bakersfield. Calpeek sources say that the gun lobby may get involved, because they have old scores to settle with Lungren. FYI: Steve Presson is Oller's consultant...

☒ **21st AD** – This is the very safe Demo AD of Joe Simitian (D-Palo Alto) who is *termed out* and is running for the State Senate. Thus far four names have surfaced: Redwood City Councilman Ira Ruskin; Palo Alto school board member John Barton; Monte Semo Councilwoman Barbara Nesbit; and attorney and West Bay Sanitary Dist. member John Carcione. Carcione is the son of the late Joe Carcione, tv's Green Grocer. He has been endorsed by State Sen. Joe Dunn (D) and San Mateo Co. Sup. Richard Gordon, who at one time was looking at this AD. Carcione has hired SG&A Campaigns...

☒ **73rd AD Update** – The big news here is that Laguna Nigel Councilwoman Mimi Walters now faces what could be a very tough fight to win GOPer Patricia Bates' AD seat. Newest entry into the GOP primary is Orange Co. Sup. Tom Wilson, who was just reelected to a 2nd term last November. He's certainly got name ID and with the recent endorsement by all four of his O.C. Board of Supes colleagues (Smith, Campbell, Norby & Silva) he has a list of backers which can now match Walters' list (U.S. Rep. Ed Royce + GOP State Senators Ross Johnson and Dick Ackerman). Also running is Vista school board member Jim Gibson. Wilson has hired JohnsonClark Associates

as his campaign consultant...

☒ **29th AD Update** – GOP activist & Fresno businessman Chris Mathys has announced he'll challenge freshman Assemblyman Steve Samuelian(R). Mathys owns Oro Financial and is president of the Valley Taxpayers Coalition. He was a member of the Fresno City council...

☒ **63^d AD Update** – Add the name of Rancho Cucamonga businessman Mike Morrell to the growing list of GOP candidates seeking Assemblyman Bob Dutton's very safe GOP AD. Dutton plans to give up his seat to run for Sen. Jim Brulte's senate seat next year. FYI: Morrell has hired consultant Chris Jones to run his campaign. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Energy & Politics** – Electricity rates will be coming down in July – and that's good political news for embattled Gov. Gray Davis(D), who could face a fall recall election. The governor asked the PUC to grant a \$1 billion rate cut for customers of PG&E, San Diego Gas & Electric and SCE. Will the PUC go along? Don't know for sure, but one of the keys to figure out how much will get sliced are two pending court cases. One case will be heard before the CA Supreme Court on or about May 27th - SCE v. TURN (The Utility Reform Network). This is a referral from the U.S. Ninth Circuit Court of Appeals which involves the legality of a deal between the PUC (then headed by Chair Loretta Lynch) and SCE – to settle SCE's federal suit against the PUC...

...The other legal case involves a suit in Louisiana, argued before the U.S. Supreme Court. A decision is due in June over how much authority a State PUC has to block a utility from passing on its wholesale power costs to its retail customers...

■ **Split Roll Property Tax Initiative** – Very controversial and right now with all the bad vibes between Calif. business and public policy interest groups + labor, it's very possible a split roll property tax initiative could hit the AG's office fairly soon. Sources tell *Calpeek* that there's a poll in the field right now. In addition to the split roll, there'd be a big boost to the property tax exemption now in place (\$70) and there'd also be a hike in the renters' tax credit. (Remember the Jarvis-Simon Homeowners & Renters Relief Act of 2002?). As Calif. Tax Reform Assn. leader Lenny Goldberg said, "I've had a split roll

measure ready for 10 years. It's just a question of timing." How much could Calif. get if there were a split roll property tax: \$25-30 billion per year. Small businesses would be exempt...

■ **Carson Tops Pasadena in NFL Race** – Is there going to be another bidding war over an NFL franchise in L.A. County? Sure looks that way. Pasadena's Rose Bowl, with a \$500 million facelift and EIRs all tucked away, thought it would easily be the NFL's 1st choice. Wrong! It was Carson and show biz super agent Mike Ovitz & Co. with a plan to build a new stadium complex next to the Home Depot Center. As for L.A.'s Memorial Coliseum, it's basically out of the running. NFL just has it in for this great old sports stadium...

■ **Assembly GOPers to Wall St.: Take a Hike** – The idea to borrow \$10 billion from Wall Street to allow Calif. to do some deficit budget funding probably won't happen – even though the idea originated with the GOP. Problem: in order to guarantee bonds to pay off the loans, investment bankers need a *dedicated stream of revenue*. Dedicated stream of revenue translates to tax hike and the Assembly GOPers said NO WAY May 20th when a group of Wall Street investment bankers made a presentation. Looks like a government shut down is on the way and right now it's the GOP hardliners who will pay the political price...

■ **DLC's Top 100 To Watch** – The Demo Leadership Council(DLC) has named 11 Calif. elected officials among a group of 100 *New Democrats to Watch*. Included are State Controller Steve Westly; State Treas. Phil Angelides; San Jose Mayor Ron Gonzales; State Assemblymembers Lou Correa, Juan Vargas and George Nakano; L.A. City Attorney Rocky Delgadillo; S.F. Co. Sup. Gavin Newsom; and L.A. Councilmembers Alex Padilla, Wendy Greuel and Jack Weiss...

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